

The City of Troy

2009 Recommended Budget



Presented to Finance Committee on November 24, 2008
and Troy City Council on December 1, 2008

City of Troy Vision and Mission

Vision: The City of Troy will expand its reputation as a family-oriented, vibrant, financially, sustainable community focused on a diversity of economic development, educational opportunities, & high quality of life for its citizens, businesses, & visitors.

Mission: Through sound & prudent leadership, the City of Troy is committed to sustaining its continued prominence as a regional hub by providing a well-balanced community for its residents, businesses & visitors, consisting of a vibrant downtown, growing economic base, strong educational environment, & plentiful recreational opportunities strengthened by public/private cooperation & grounded in financial stability.



2009 Budget Process

July: 2008 mid-year budget reviews

September: Budget requests submitted

September 15th: City Council Budget Priorities Workshop

October: 18 budget meetings with department heads

November: 7 budget balancing meetings with triumvirate

November 7th: Budget briefing with Mayor Beamish

November 17th: Budget submitted to City Council

November 24th: Finance Committee workshop

December 1st: City Council budget passage



2009 Council Budget Priorities

- ✓ **Maintain basic services**
- ✓ **Balance funds (revenues = expenses)**
- ✓ **Economic Development as TOP priority**
- ✓ **Reduce subsidies for non-core City functions**
- ✓ **Maintain outside agencies' budgets in 2009 but require 5-year plan to reduce by 25%**
- ✓ **Consider adding Bark Park**



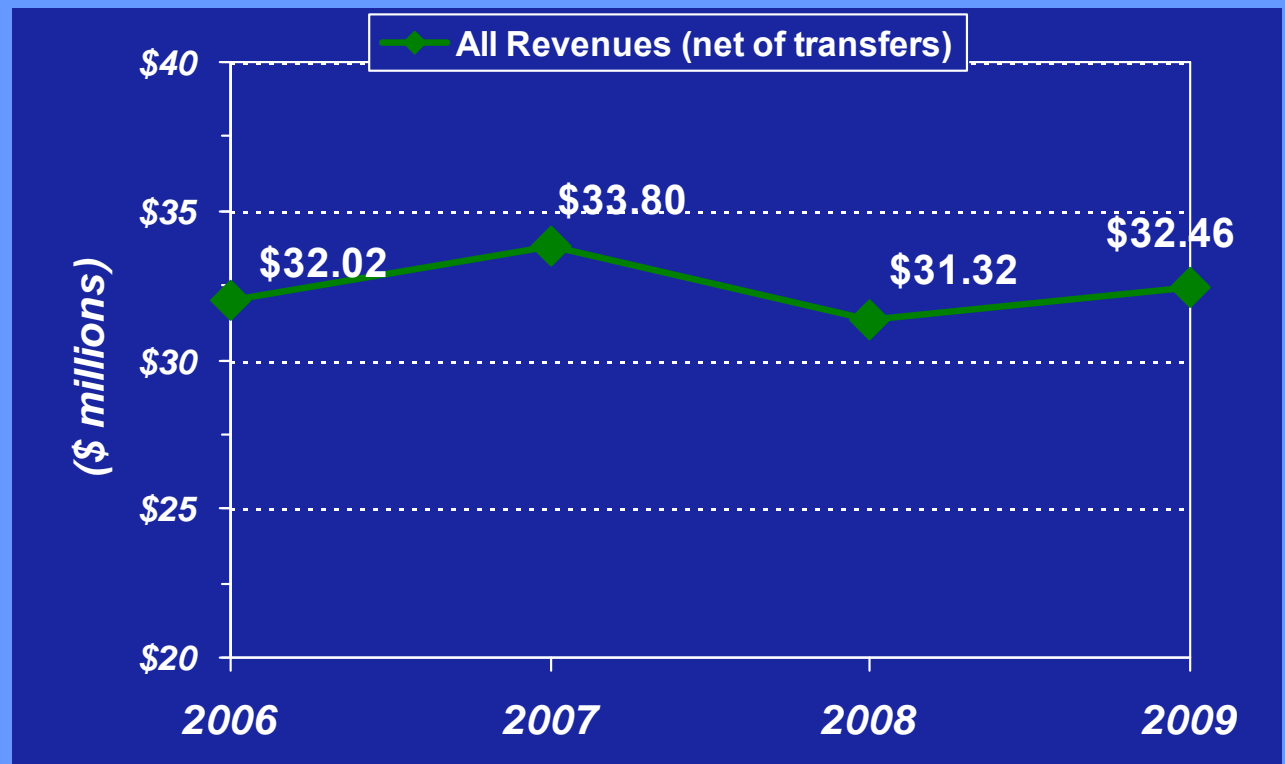
2009 Budget Highlights: Resources

- ✓ **Revenue increasing overall**
- ✓ **Income tax collections increasing**
- ✓ **Interest earnings decreasing**
- ✓ **GF fund balances improving**
- ✓ **Utility fund balances rapidly declining**



Overall Revenue Increasing

Revenues net of transfers, grants and permissive tax are estimated to increase 3.6% from 2008-09.

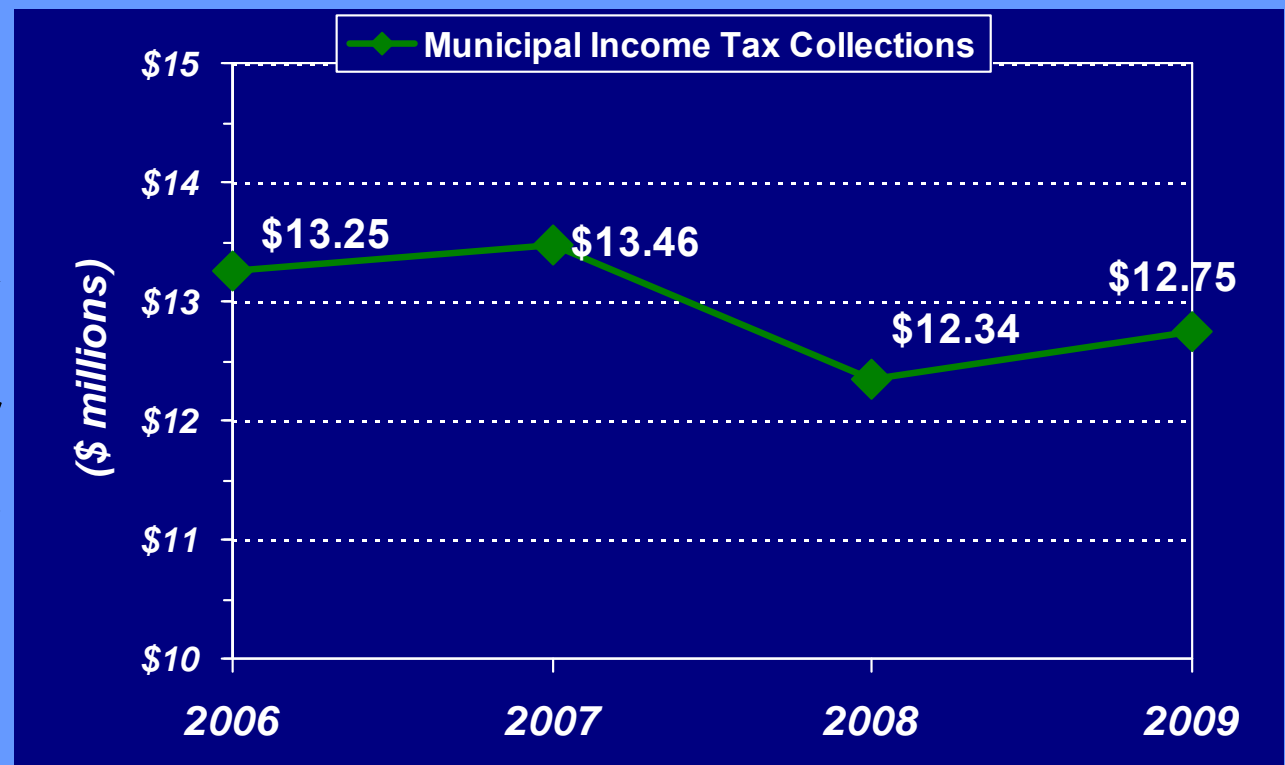


Source: Troy City Auditor data.



Income Tax Collections Increasing

City income tax collections have declined over four years but should improve from 2008-09.



Source: Troy City Auditor data.



Interest Earnings Decrease

Interest on City reserves & income has declined significantly in the past 2 years and are forecast to drop further.

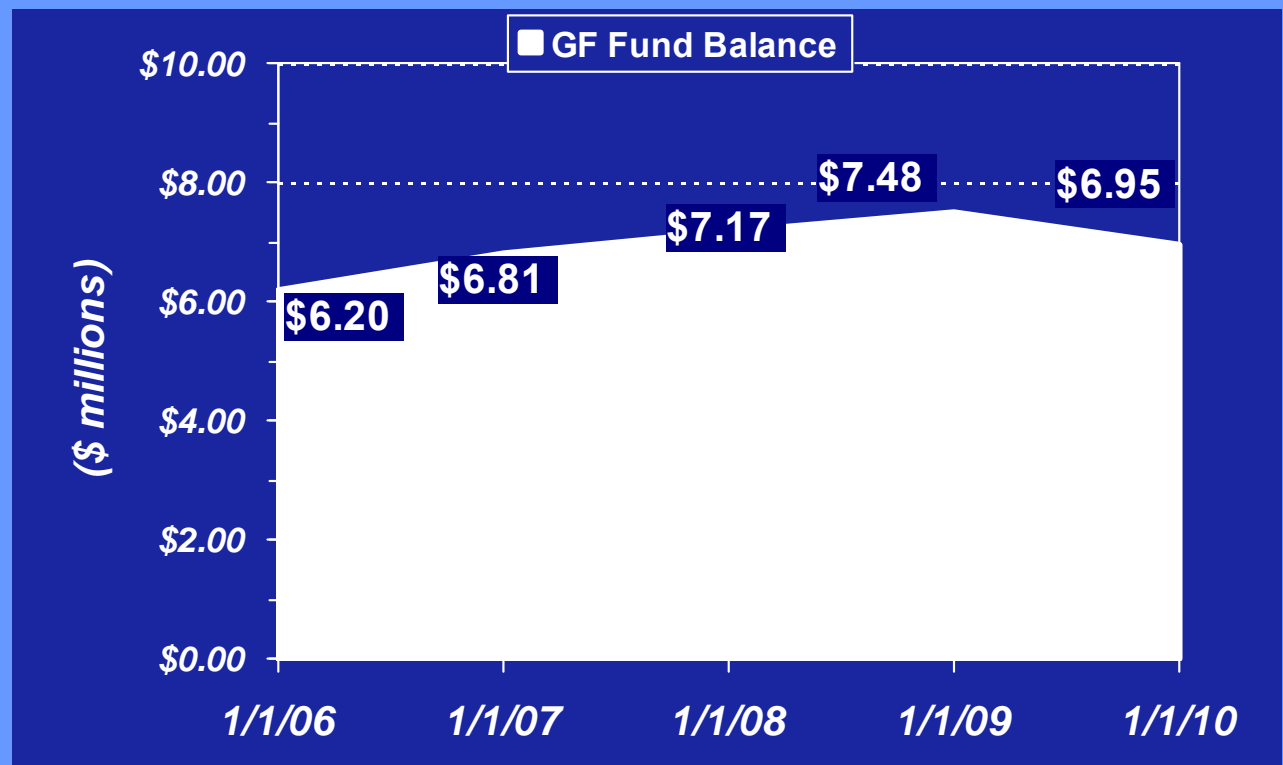


Source: Troy City Auditor data.



GF Fund Balances Improving

Actual fund balances have improved over the last five years.

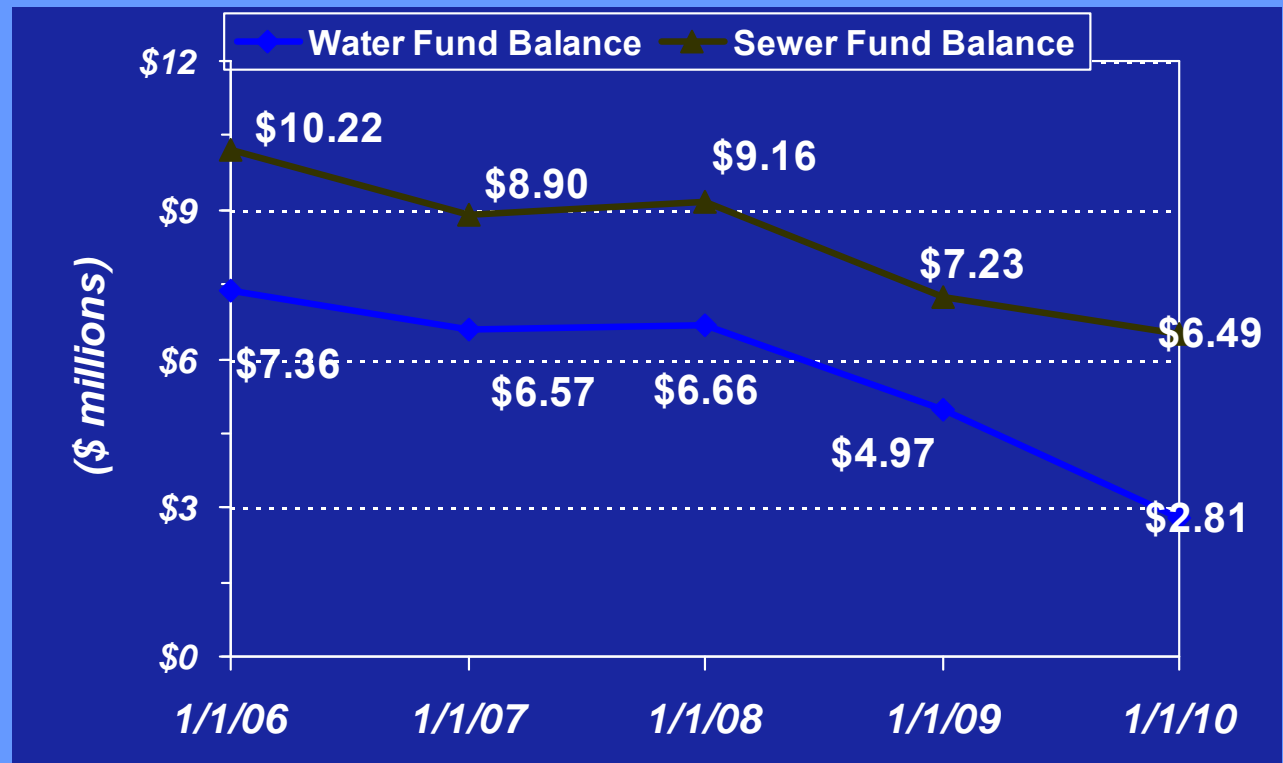


Source: Troy City Auditor data.



Water & Sewer Fund Balances Rapidly Declining

The lack of modest annual rate increases has decimated enterprise fund balances below GAAP standards.



Source: Troy City Auditor data.



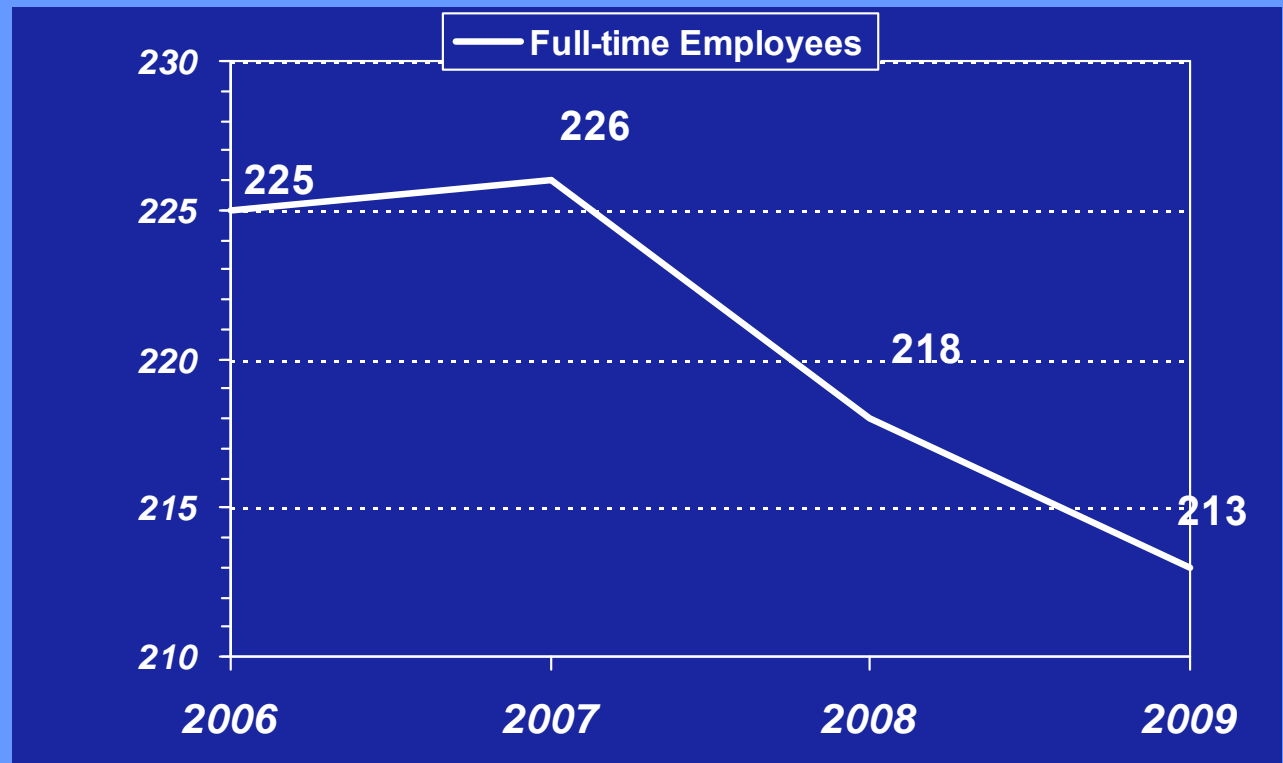
2009 Budget Highlights: Expenses

- **Employee count decreasing**
- **Labor costs – 27th pay - increasing**
- **General Fund subsidies decreasing**
- **Outside agency support to decline long-term**
- **Restoring capital investment**
- **Utility funds = deficit spending**



Employee Count Decreasing

From 2007-08, FTEs decreased by 13. The 2009 budget drops by 5 more and keeps 2 FTEs vacant.



Source: Troy City Auditor data.



Labor Costs to Income Tax Gap Closing

From 1999-2007, labor costs grew over 2 times the rate of income tax collections



Source: Troy City Auditor data.



Impact of 27th Payroll

FUNDS	Salary	Pension	WC	Medicare	Total
General (various)	\$358,555	\$67,264	\$11,653	\$5,204	\$442,676
Storm water (709)	14,195	1,987	461	206	16,849
Water (710)	37,941	5,312	1,233	550	45,036
Sewer (711)	36,641	5,130	1,191	531	43,493
Total	\$447,332	\$79,693	\$14,538	\$6,491	\$548,054

Source: 2009 Budget data.



GF Subsidies Decreasing

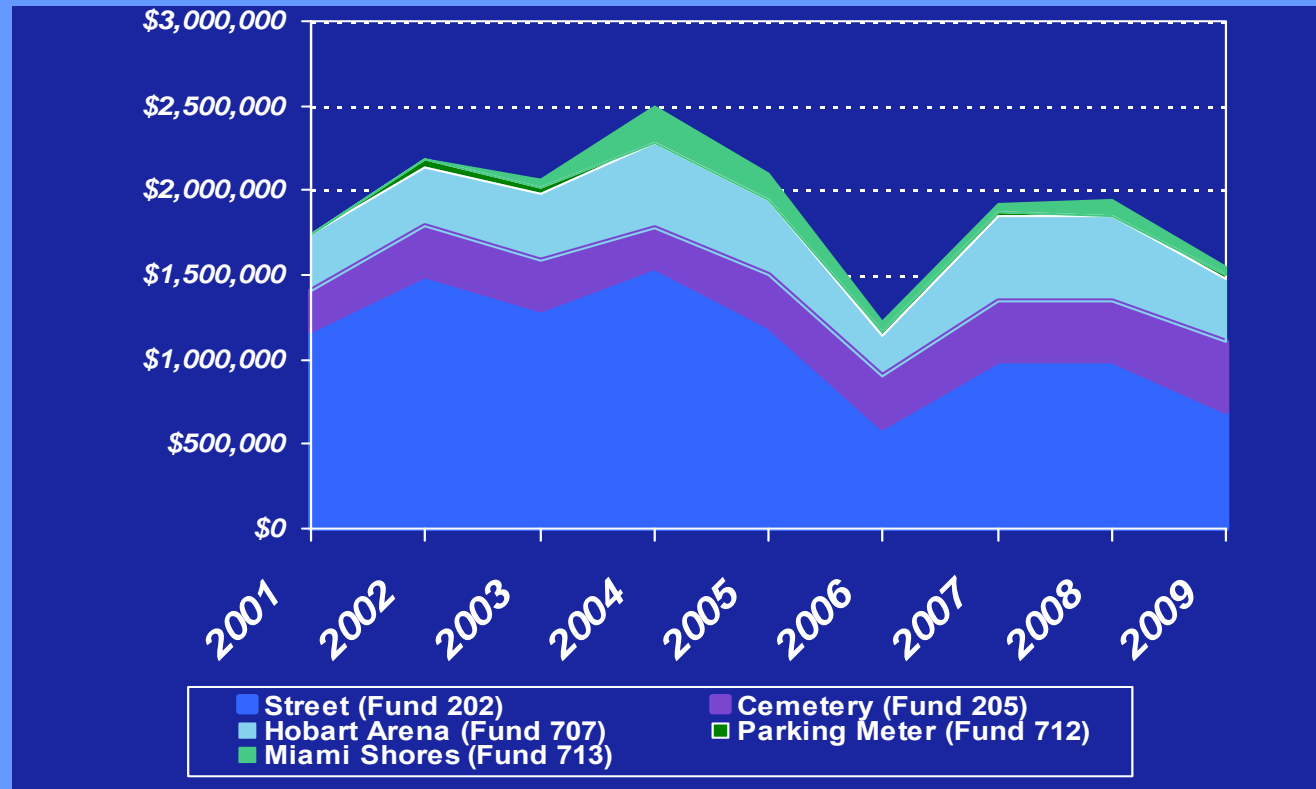
FUNDS	2008	2009	Change	% Change
Street (202)	\$1,000,000	\$700,000	(\$300,000)	(30%)
Cemetery (205)	\$350,000	\$400,000	\$50,000	14.30%
Hobart Arena (707)	\$500,000	\$375,000	(\$125,000)	(25%)
Parking Meter (712)	\$0	\$25,000	\$25,000	N/A
Miami Shores (713)	\$100,000	\$50,000	(\$50,000)	(50%)
Total	\$1,950,000	\$1,550,000	(\$400,000)	(20.50%)

Source: 2008 & 2009 budget footnotes.



2009 Gen. Fund subsidies to City operations are \$400,000 less than in the 2008 budget.

GF Subsidies Decreasing



Source: 1999-2007 Annual Budget documents.

Outside Agency Support Declines Long-term

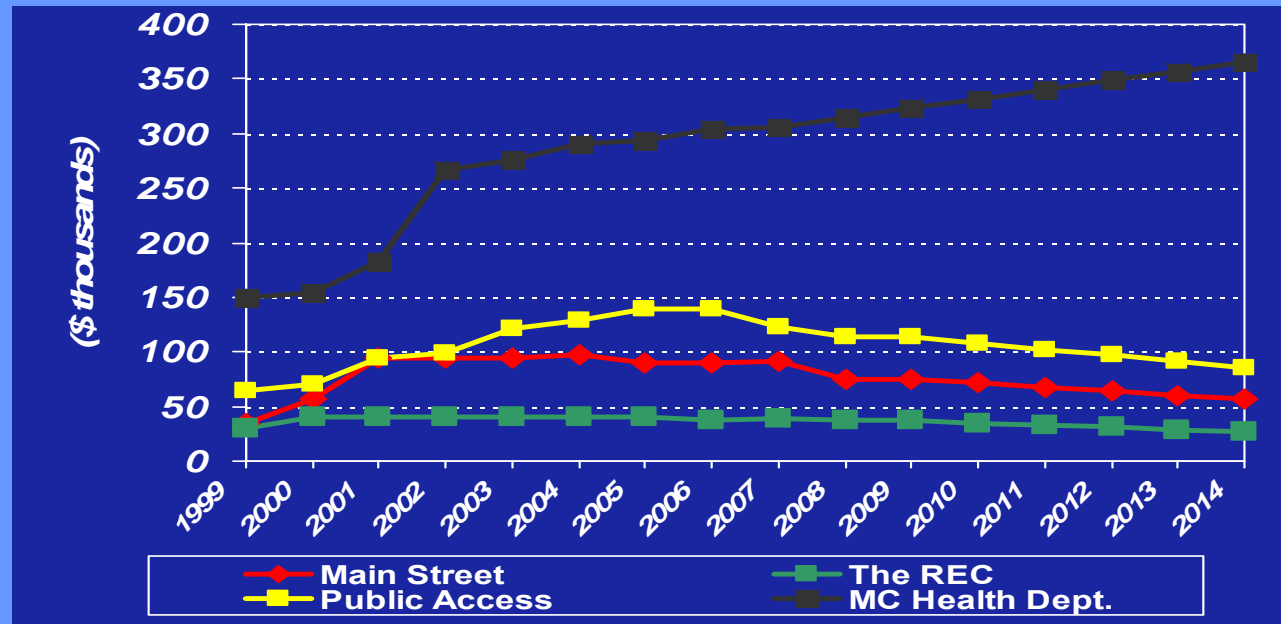
Year	MCHD	Main St.	Access	The REC
2009 Budget	\$323,500	\$75,000	\$114,000	\$37,000
2010	331,558	70,000	108,300	35,000
2011	339,877	65,000	102,600	33,000
2012	348,374	60,000	96,900	31,000
2013	357,083	55,000	91,200	29,000
2014	366,011	50,000	85,500	27,000
% Δ 2010-14	13.14%	(33.3%)	(25%)	(27%)

Sources: MCHD based on average annual increase since 2003 of 2.5%; TMS & REC per their vision; remaining on 25% goal.



Outside Agency Support Declines Long-term

While 2009 rec'd budgets remain at 2008 levels, the 5-year plan is to reduce subsidies (exc. MCHD) by 25%



Source: 1999-09 budget footnotes; 2010-14 per Council direction and agency goals.



Legend of Funds

General:	101 (net of transfers), 202, 204, 205, 207, 332, 707, 712 713, 842 (net revenue transfer only)
Water:	710
Sewer:	711
Other:	203, 218, 219, 225, 228, 230, 231, 235, 236, 245, 441, 442, 444, 623, 630, 671, 672, 673, 674, 708, 709, 727, 820, 842 (net of transfer), 915, 916, 917



All Funds Revenues

FUNDS	2007	2008	2009	% Change
General	\$21,367,900	\$21,464,954	\$22,421,135	4.45%
Water	4,329,000	4,296,000	4,139,693	-3.64%
Sewer	4,025,000	3,624,700	3,635,807	.31%
Others	2,173,475	2,690,195	3,387,763	25.93%
Total	\$31,895,375	\$32,075,849	\$33,584,398	4.70%

Source: 2007-2009 Budget Recap "Top Sheets"



All Funds Budgeted Expenses

FUNDS	2007	2008	2009	% Change
General	\$24,950,700	\$22,261,037	\$22,819,520	2.51%
Water	6,309,014	6,218,919	6,301,170	1.32%
Sewer	6,012,703	6,001,778	4,377,568	-27.06%
Others	2,537,880	3,216,102	4,916,630	52.88%
Total	\$39,810,297	\$37,697,836	\$38,414,888	1.90%

Source: 2007-2009 Budget Recap "Top Sheets"



General Fund Budgeted Expenses

CATEGORY	2007	2008	2009	% Change
Operating	\$22,382,195	\$21,711,138	\$21,964,604	1.17%
27 th Payroll	N/A	N/A	442,676	N/A
Capital	2,568,505	549,899	412,240	-25.03%
Total Expenses	\$24,950,700	\$22,261,037	\$22,819,520	2.51%

Source: 2007-2009 Budget Recap "Top Sheets"



2-Year General Fund Current Deficit Trend

CATEGORY	2008 Budget	2009 Recom	\$ Change
Net Revenues	\$21,203,855	\$22,041,135	\$837,280
Net Expenses	21,974,138	21,964,604	9,534
Balance	-\$770,283	\$76,531	\$846,814

Source: 2008 & 2009 Budget Recap "Top Sheet", net of grants, permissive tax, transfers and CIP.

The operating or current deficit (ongoing revenues minus operating costs) present in the 2008 budget is projected to disappear for 2009.



General Fund Five-Year Forecast

(\$ in millions)	2009	2010	2011	2012	2013
Beg. Balance	\$6.7	\$6.3	\$5.8	\$4.8	\$3.1
Revenues	22.4	23.1	23.3	23.3	23.8
Resources	29.1	29.4	29.1	28.1	26.9
Operating	22.0	22.6	23.3	24.0	24.7
27th Payroll	.4	N/A	N/A	N/A	N/A
Capital	.4	1.0	1.0	1.0	1.1
Expenses	22.8	23.6	24.3	25.0	25.8
End Balance	\$6.3	\$5.8	\$4.8	\$3.1	\$1.1



Source: 2009 rec'd budget; out years based on est. inflation, performance and economic indications

Utility Funds Five-Year Forecast

(\$ in millions)	2009	2010	2011	2012	2013
Beg. Balance	\$12.2	\$9.3	\$6.7	\$3.8	\$0.8
Revenues	7.8	7.9	7.9	8.0	8.1
Resources	20.0	17.2	14.6	11.8	8.9
Operating	8.4	8.5	8.8	9.0	9.3
Capital	2.3	2.0	2.0	2.0	2.0
Expenses	10.7	10.5	10.8	11.0	11.3
End Balance	\$9.3	\$6.7	\$3.8	\$0.8	(\$2.4)

Source: 2009 recommended budget; out years based on estimated inflation, performance and economic indications



Issues to Research in 2009

- **Continued Staffing/Service Reviews**
- **Economic Development Outreach**
- **Fleet Maintenance**
- **Utility Rates**
- **Hobart Arena Facility Improvements**
- **Technology Upgrades**
- **Capital Projects**

Summary

- ☆ Intense staff review/input
- ☆ Basic services maintained
- ☆ Deferred capital spending needed
- ☆ 2009 economy bears close monitoring
- ☆ Rate adjustments paying dividends
- ☆ Disciplined spending needs to continue

“It is the purpose of the government to see that not only the legitimate interests of the few are protected but that the welfare and the rights of the many are conserved.”

- *Franklin Delano Roosevelt*





Contact: **Director of Public Service & Safety**
100 South Market Street
(937) 335-1725
patrick.titterington@troyohio.gov

